

ENGAGEMENT NOTE

08 JUNE 2015

HERMES: REACTION TO DEUTSCHE BANK RESIGNATIONS

Dr Hans-Christoph Hirt, Director, Hermes EOS responds to the resignation of Deutsche Bank's Co-CEOs Anshu Jain and Jürgen Fitschen

Following a long-standing engagement with Deutsche Bank, Hermes EOS, on behalf of a group of more than 40 institutional investors, urged the supervisory board ahead of and at the annual general meeting on 21 May to review the composition of the management board.

We have previously raised concerns about the management board's delivery on key targets set under the 2015+ strategy, progress on culture change and way in which it has dealt with pending litigation and investigations. It had become increasingly apparent in recent months that refreshment at the top of the management board was necessary in order to regain trust of investors and other stakeholders and thus have a basis for the successful implementation of Strategy 2020, unveiled in late April 2015.

At the Bank's most recent annual general meeting, almost 40 percent of the shareholders present voted against the so-called discharge of the management board, thus expressing their lack of confidence in its members and implicitly urging the supervisory board to review the composition of top management.

We welcome the news that the Co-CEOs Anshu Jain and Jürgen Fitschen offered to step down yesterday, which the supervisory board accepted, as it facilitates the refreshment of the management board which in our view is necessary.

Furthermore, we also welcome the appointment of John Cryan, initially as co-CEO, from 1 July, 2015. Mr. Cryan has extensive experience as a banker, including as CFO at UBS. Moreover, while he is considered a Deutsche Bank outsider, Mr. Cryan was elected to the supervisory board in 2013 as a Non Executive Director, where he chairs the audit committee and is also a member of the risk committee. As such, he was directly involved in the strategy development process and the approval of Strategy 2020.

We look forward to the management board providing a detailed explanation of Strategy 2020, and how it will sustainably create value, setting clear short-, mid- and long term targets and then delivering against these.

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Notes to Editors:

Hermes EOS

Hermes EOS, which is owned by Hermes Investment Management, has one of the largest stewardship resources of any fund manager in the world. Our team comprises industry executives, senior strategists, corporate governance and climate change experts, fund managers and lawyers. As at 31 March 2014, we act on behalf of 41 clients and advise on £124billion of assets on behalf of some of the world's leading pension funds.

We help long-term institutional investors around the world to meet their fiduciary responsibilities and become active owners of public and private companies. Our team of engagement and voting specialists monitors clients' investments in companies and intervenes where necessary with the aim of improving their performance. Our activities are based on the premise that companies with informed and involved shareholders are more likely to achieve superior long-term performance than those without.

Hermes Investment Management

Hermes is focused on delivering superior, sustainable, risk adjusted returns for our clients – responsibly.

Hermes manages assets on behalf of more than 200 clients* across equities, fixed income, alternatives and real estate, with £30.1 billion* assets under management. In Hermes EOS, we have the industry's leading engagement resource, advising on more than £124.3 billion* of assets.

We believe in **Excellence, Responsibility** and **Innovation**

- **Excellence:** We aspire to excellence in everything we do. This manifests itself most visibly in our investment performance. We will only offer products to our clients where we believe there is a strong investment thesis and where we can deliver sustainable alpha.
- **Responsibility:** We believe it is our responsibility to lead discussion and debate about the fiduciary responsibilities of fund managers to our clients, their stakeholders and, ultimately, society at large. We have always sought positive engagement with the firms in which we invest.
- **Innovation:** We have the entrepreneurial culture to identify forward-looking products that meet those needs, along with the resources and speed-to-market mentality to develop them rapidly.

Our structure gives clients globally the benefit of access to a broad range of specialist, high conviction investment teams operating within an established and robust operating platform.

Hermes' investment solutions include:

- **Equities:** Global, Emerging Markets, Small & Mid Cap, Europe, Asia Ex Japan, Greater China
- **Fixed Income:** Inflation-Linked, Government Bonds, Investment Grade, High Yield
- **Real Estate:** Segregated, Unitised, Debt, UK, US Residential, European, UK PRS
- **Alternatives:** Multi Asset, Infrastructure, Private Equity

*Please note the total AuM figure includes £3.5bn of assets managed or under an advisory agreement by Hermes GPE LLP ("HGPE"), a joint venture between Hermes Fund Managers Limited ("HFM") and GPE Partner Limited. HGPE is an independent entity and not part of the Hermes group. £0.5bn of total group AuM figure represents HFM mandates under advice. Source: Hermes as at 31 March 2015.